

Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 IO-13 OIC-02 AF-10 ARA-10
EA-10 EUR-12 NEA-11 CTME-00 JUSE-00 AGRE-00
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01
INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /169 W
-----009153 091839Z /46

P 091755Z JUN 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 0677
INFO AMEMBASSY BRASILIA
AMEMBASSY BRUSSELS
AMEMBASSY OTTAWA
AMEMBASSY TOKYO

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USMTN USEEC

ACTION STR FOR GREENWALD, LANDE, FEKETEKUTY, FLAIG

STR PASS CODEL

E.O. 11652
TAGS: ETRD, MTN
SUBJECT: 7-PLUS-7 MEETINGS ON FRAMEWORK, MAY 31-JUNE 7,
1978

REF: GENEVA 8253

1. SUMMARY. TWO SESSIONS OF EXPANDED 7-PLUS-7 GROUP DEVOTED TO ANNOUNCEMENT OF DELS' CURRENT POSITIONS ON VARIOUS FRAMEWORK TOPICS FOLLOWING SEVERAL MONTHS OF INFORMAL WORK. WHILE SOME COMMENTS MORE SPECIFIC THAN LIMITED OFFICIAL USE

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HERETOFORE, DC-LDC GAPS REMAIN AND RHETORICAL POSTURING BY SOME KEY LDCS CONTINUES AS BEFORE. CATALYTIC ELEMENT WAS DG LONG'S PUSHING ONTO THE TABLE OF INFORMAL U.S. AND EC DISCUSSION DRAFTS ON CERTAIN TOPICS, AS WELL AS SECRETARIAT-ATTEMPTED COMPROMISE TEXT ON ENABLING CLAUSE/GRADUATION. ONLY DISPUTE SETTLEMENT TOPIC REMAINS TO BE ADDRESSED BY GRDUP--PRESUMABLY NEXT WEEK,

BY WHICH TIME SOMEONE (?) WILL HAVE CIRCULATED TEXT ON
SUBJECT. END SUMMARY.

2. GATT DG LONG CONVENED EXPANDED SESSIONS OF 7-PLUS-7
GROUP MAY 31 AND JUNE 7 TO LAUNCH "DETAILED DISCUSSIONS"
ON FRAMEWORK TOPICS AND PREPARE GROUND FOR DEVELOPMENT
OF NEGOTIATING TEXTS ON EACH. PRESENT ON BOTH OCCASIONS
WERE SOME 23 DC AND LDC DELS. DISCUSSIONS FOCUSED ON
RECENTLY-CIRCULATED MTN DEL DRAFTS (REFTEL) ON
BALANCE-OF-PAYMENTS MEASURES (MTN/INF/19) AND EXPORT
CONTROLS (MTN/INF/20), EC DRAFT ON ADDITIONS TO GATT
PART IV (MTN/INF/21), AND SECRETARIAT'S OWN "SURPRISE
PACKAGE" ON ENABLING CLAUSE (MTN/INF/22) AND RECIPROCITY/
GRADUATION (MTN/INF/23). FYI: SECRETARIAT HAD
UNEXPECTEDLY CIRCULATED LATTER DURING INTERVAL BETWEEN
SESSIONS--SEE PARA 5 BELOW. END FYI.

3. ON BALANCE-OF-PAYMENTS TOPIC, U.S. (MARK) DESCRIBED
DRAFT "UNDERSTANDING" SET OUT IN INF/19 AS KEYED TO
POLITICAL COMMITMENTS BY BOTH DCS AND LDCS (ALBEIT A
LESS CONSTRAINING ONE FOR THE LATTER), COUPLED WITH PRO-
CEDURAL IMPROVEMENTS THAT WOULD PROTECT INTERESTS OF ALL
CONCERNED PARTIES WHENEVER ONE OF THEM INTERVENES
COMMERCIALY IN RESPONSE TO B/P PROBLEMS. LDCS SHOULD
CONSEQUENTLY BE ATTRACTED BOTH BY "PLEDGE" OF DC
RESTRAINT, AS WELL AS BY PROSPECT OF MORE MEANINGFUL
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AND LESS CONFRONTATIONAL REVIEW OF MEASURES TAKEN BY
LDCS. OTHER DELS' REACTIONS AMOUNTED TO AFFIRMATION
OF POSITIONS DEVELOPED IN RECENT WORKING SESSIONS ON
SUBJECT (SEE GENEVA 6494 AND PREVIOUS). JAPAN (UKAWA),
NORDICS (BIORN LIAN) AND SWITZERLAND (AMB. DUNKEL)
GENERALLY SUPPORTED U.S. APPROACH, WHILE EC (LUYTEN)
POINTEDLY VOICED AMBIVALENCE--RATHER THAN FLAT OPPOSITION
--RE "BEST-EFFORTS PLEDGE" BY DCS TO AVOID B/P TRADE
MEASURES. BRAZIL (AMB. MACIEL) TACITLY ACCEPTED INF/19
AS POSSIBLE WORKING BASIS, PROVIDED "MORE COULD BE DONE
TO ACCOMMODATE" BRAZILIAN PROPOSALS (MTN/INF/16);
MEXICO (DELGADO), PAKISTAN (HAMID), AND ARGENTINA
(AMB. MARTINEZ) FLATLY OPPOSED, IN EFFECT CALLING FOR
COMPLETE FREEDOM OF ACTION FOR LDCS IN B/P AREA AND
OUTRIGHT EXEMPTION FROM ANY B/P ACTION TAKEN BY DCS.

4. DRAFT EXPORT-CONTROLS "UNDERSTANDING" IN INF/20 DREW
RELATIVELY LITTLE COMMENT OTHER THAN CRITICISM BY
CANADA (WEEKES) THAT EXISTING GATT OBLIGATIONS WOULD
SUBSTANTIALLY BE INCREASED; THIS POINT ECHOED IN ONE
FORM OR ANOTHER BY SEVERAL LDCS. U.S. RESPONDED THAT
DRAFT SHOULD SERVE PRIMARILY AS A REMINDER AND REAFFIRMA-

TION OF EXISTING SUBSTANTIVE OBLIGATIONS; THAT FEW POINTS WHICH DO GO BEYOND CURRENT GATT PROVISIONS ARE IN FACT AIMED AT PROMOTING GREATER PREDICTABILITY AND EQUITY WHEN EXPORT CONTROLS ARE APPLIED; AND AS A CONSEQUENCE, THAT ALL IMPORTING COUNTRIES--I.E., ALL GATT MEMBERS-- WOULD STAND TO BENEFIT BY REAFFIRMING AND CLARIFYING SUCH RIGHTS. EC, JAPAN AND SWITZERLAND ENDORSED U.S. APPROACH IN GENERAL TERMS; CANADA AND AUSTRALIA RESISTED, AS BEFORE (SEE REFTTEL); MEXICO, PAKISTAN, AND ARGENTINA FLATLY OPPOSED.

5. DISCUSSION ON FRAMEWORK TOPICS I AND IV (ENABLING CLAUSE/RECIPROCITY/GRADUATION) CENTERED ON "WORKING PAPERS" PREPARED AND CIRCULATED BY SECRETARIAT ON ITS LIMITED OFFICIAL USE

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OWN INITIATIVE JUNE 6. FYI: DG LONG HAD REVEALED HIS INTENTIONS AND SHOWN FIRST DRAFT OF "COMPROMISE" PAPERS (AUTHORED BY DEPUTY DG MATHUR) TO USMTN DEL, EC, AND BRAZIL REPS JUNE 1; COPIES HAND-CARRIED SAME DAY BY MARK TO GREENWALD, STR. REVISIONS MADE BY SECRETARIAT JUNE 2 AND, FOLLOWING DISCUSSION WITH LARGER GROUP OF DCS AND LDCS, ON JUNE 5 PRIOR TO DISTRIBUTION IN MTN/INF SERIES. COPIES OF CURRENT TEXTS WILL BE HAND-CARRIED TO STR VIA NEXT WASHINGTON TRAVELLER. END FYI. REACTIONS BY 7-PLUS-7 PARTICIPANTS TO SECRETARIAT PAPERS WERE MARKEDLY COOL. PER STATE 143383, U.S. REMINDED GROUP OF LONG-STANDING WILLINGNESS TO CONSIDER REALISTIC PROPOSALS ON FRAMEWORK TOPICS I AND IV BUT THAT IN LIMITED OFFICIAL USE

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SECRETARIAT PAPERS, AS IN PREVIOUS (I.E., EC AND BRAZILIAN) FORMULATIONS, ACCEPTABLE WORKING TEXT HAD YET TO MATERIALIZE. NOTWITHSTANDING MAJOR SUBSTANTIVE PROBLEMS RAISED (PARTICULARLY, FIRST TWO PARAGRAPHS OF SECRETARIAT'S "ENABLING CLAUSE"), U.S. EXPRESSED HOPE THAT ONGOING INFORMAL DISCUSSIONS COULD SOON PRODUCE SOLUTION THAT WOULD BE GENERALLY ACCEPTABLE. ALL OTHER DELS REFRAINED FROM ENDORSING INF/22 AND 23 AS WORKING BASIS--WHILE TACITLY RECOGNIZING IT WILL REMAIN JUST THAT UNLESS OR UNTIL SOME NEW FORMULATION APPEARS. EC, NORDICS (BIORN LIAN) AND JAPAN (NOGAMI) CRITICIZED SECRETARIAT PAPERS ALONG LINES SIMILAR OR IDENTICAL TO U.S. COMMENTS; BOTH EC AND NORDICS REFERRED TO THEIR RESPECTIVE PROPOSALS AS PREFERRED ALTERNATIVES. (FYI: NORDIC "PROPOSAL," DESIGNED TO FOCUS ENABLING-CLAUSE PROVISIONS ON MEASURES FOR LEAST-DEVELOPED LDCS, HAS YET TO BE CIRCULATED IN WRITING ALTHOUGH PROVISIONAL TEXT GIVEN IN CONFIDENCE TO MTN DEL; COPY HAND-CARRIED BY MARK TO GREENWALD, STR, ON JUNE 1. END FYI.) COMMENTS BY BRAZIL, INDIA (KUMAR), YUGOSLAVIA (TOMIC), NIGERIA (ADEWAKUN), AND BANGLADESH (AHMED) CONCENTRATED ON "UNACCEPTABILITY" OF GRADUATION PROVISIONS; LATTER TWO DELS, HOWEVER, DEVIATED SOMEWHAT FROM LDC "SOLIDARITY" BY EXPRESSING INTEREST IN POSSIBLE COVERAGE FOR LEAST-DEVELOPED. BRAZIL REITERATED ITS OWN ENABLING-CLAUSE IDEAS CONTAINED IN INF/16.

6. FYI. PER STATE 143383, MTN DEL CURRENTLY ENGAGED IN DISCUSSIONS WITH OTHER DCS TO DETERMINE WHAT "COMMON APPROACH" TO ENABLING CLAUSE/RECIPROCITY/GRADUATION ISSUES MIGHT NOW BE FEASIBLE, GIVEN ABOVE DEVELOPMENTS. WILL REPORT SUBSEQUENTLY. END FYI.

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7. DG LONG ADJOURNED 7-PLUS-7 WITH COMMENT THAT GROUP MAY BE RE-CONVENED JUNE 14 IF ADDITIONAL PAPERS SHOULD APPEAR IN MEANTIME. COMMENT: LONG CLEARLY WAS ALLUDING TO LACK OF DISCUSSION TEXT ON DISPUTE SETTLEMENT TOPIC. AS NOTED REFTEL, DISCUSSIONS CONTINUING BETWEEN U.S. AND EC DELS IN EFFORT TO ESTABLISH POSSIBLE JOINT WORKING BASIS ON DISPUTE SETTLEMENT, WITH AGREEMENT STILL PENDING OK BY MEMBER STATES AS OF TIME THIS MESSAGE DRAFTED. DEPUTY DG PATTERSON HAS ADVISED US SECRETARIAT MAY ATTEMPT ITS OWN DRAFT ON SUBJECT IN NEXT FEW DAYS IF JOINT U.S.-EC TEXT NOT FORTHCOMING. MTN DEL BELIEVES SUCH A DEVELOPMENT COULD BE TACTICALLY ADVANTAGEOUS TO U.S.--PATTERSON HIMSELF WOULD PRESUMABLY BE AUTHOR, AND PRESSURE ON EC TO "GIVE" ON KEY POINTS COULD ONLY INTENSIFY. END COMMENT.

8. DRAFTED BY MARK MCDONALD

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